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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Transfer of buildings to the United Nations Logistics Base at Brindisi, Italy

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee has considered the note by the Secretary-General containing a proposal for the acceptance of 6 additional buildings and 12 open areas offered by the Government of Italy in support of the United Nations Logistics Base at Brindisi, Italy (UNLB) (A/62/548). The Secretary-General is seeking the approval of the General Assembly for the acceptance of the buildings, consistent with financial regulation 3.11, since this would entail additional financial liability for the United Nations in respect of the cost of their renovation and maintenance.

2. The UNLB premises and their use at Brindisi have been governed by a memorandum of understanding between the United Nations and the Government of Italy, concluded on 23 November 1994 and subsequently amended on 7 December 2001. The memorandum of understanding provides rent-free premises on military installations in Brindisi for supporting peacekeeping, humanitarian and related operations. The current proposal before the General Assembly concerns a second amendment to the memorandum of understanding, which takes into account the offer of the Government of Italy to transfer 5 buildings (1,760 m^2) to UNLB as approved by the Assembly in its decision 58/557, as well as an additional 6 buildings (6,805 m^2) and 12 open areas (70,739 m^2). Of the 11 buildings, 9 are to be used by the United Nations and 2 by the World Food Programme. It is proposed to renovate and adapt the 9 buildings and 12 open areas at a cost of $3 million and $0.6 million, respectively. The financial requirements would be included in the budget proposal for the period 2008/09. The total annual maintenance cost to be borne by the Organization for the 11 buildings and open areas is estimated at $370,000.

3. Upon enquiry, the Advisory Committee was provided additional information and clarification on the nature of the second amendment to the memorandum of understanding and the timing of its conclusion, given that the transfer of 5 buildings was authorized by the General Assembly in its decision 58/557. The Committee was

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informed that, following the decision of the Assembly, during the course of the negotiations on the transfer of the 5 buildings, the Italian Government had made an offer to transfer 6 additional buildings and 12 open areas to UNLB and that the parties found it efficient to conclude a single amendment to the agreement rather than two separate amendments.

4. The Advisory Committee recalls that the memorandum of understanding of 23 November 1994 initially provided for some 42,000 m^2 of building space, including office buildings, warehouses, storage areas, workshops, an information and communications technology data recovery centre and an electrical substation. Amendment 1 to the memorandum of understanding provided an addition 9,000 m^2 of warehouse space. The Committee was informed that the additional buildings to be accepted under the terms of amendment 2 to the memorandum are situated within the premises of the Logistics Base and provide further space of 8,565 m^2, comprising office buildings, a small warehouse, a recycling yard and a depository for hazardous material. These buildings would house the UNLB headquarters, including all administrative sections, the Air Operations Unit and the staff cafeteria, as part of the overall reconfiguration of the Logistics Base. The additional open areas include parking facilities and storage facilities for strategic deployment stocks as well as green areas.

5. Upon conclusion of the aforementioned amendment to the memorandum of understanding following approval by the General Assembly, renovation work could commence during the 2007/08 budget cycle. Upon enquiry, the Advisory Committee was provided additional information on current and projected expenditures for the period 2007/08 (see annex), showing a projected unencumbered balance of $401,005. The Committee was also informed that an amount of $400,000 from the approved resources for 2007/08 could be utilized for the renovation costs of the buildings and open areas, with a corresponding reduction in the overall requirement of $3.6 million for 2008/09. **Should there be a further unutilized balance in the current period, the Committee requests that it also be used to cover the costs of renovation and maintenance of the additional buildings and be reported in the context of the performance report for 2007/08. The budget proposal for 2008/09 should take into account all expenditures incurred during 2007/08 for the renovation of the buildings and open spaces, and should be reduced accordingly.**

6. The availability of additional premises in Brindisi would allow closure of the off-site warehouse in San Pancrazio. Upon enquiry, the Advisory Committee was informed that this would generate savings of some $700,000 in annual recurring costs, including $270,000 for security services, $400,000 for freight costs and $30,000 in general operating and labour costs. **The Committee recommends that the 2008/09 budget proposal reflect savings resulting from the closure of the San Pancrazio facility.**

7. **The Advisory Committee welcomes the contributions of the Government of Italy in support of UNLB and recommends that the General Assembly approve the request of the Secretary-General, subject to its observations in paragraphs 5 and 6 above on the level of resources in the budget proposal for 2008/09 concerning the renovation of the premises and annual maintenance costs.**

Annex

Current and projected expenditures of the United Nations Logistics Base at Brindisi, Italy, for the period from 1 July 2007 to 30 June 2008 as of 31 October 2007[a]

(Thousands of United States dollars)

	Expenditure as of 31 October 2007			*Projected*		
Class description	*Apportionment* (A)	*Total expenditure* (B)	*Unencumbered balance* (C) = (A-B)	*Projections 01 11 07-30 06 08* (D)	*Total expenditure including projected* (E) = (B+D)	*Estimated unencumbered balance as at 30 June 2008* (F) = (A-E)
I. Military and police personnel						
212 Military observers	—	—	—	—	—	—
213 Military contingents	—	—	—	—	—	—
214 Civilian police	—	—	—	—	—	—
216 Formed police units	—	—	—	—	—	—
Total Group I	**—**	**—**	**—**	**—**	**—**	**—**
II. Civilian personnel						
221 International staff	6 288 800	2 314 975	3 973 825	3 973 825	6 288 800	—
222 National staff	11 119 300	3 296 242	7 823 058	7 823 058	11 119 300	—
223 United Nations Volunteers	—	—	—	—	—	—
224 General temporary assistance	941 400	114 770	826 630	826 630	941 400	—
Total Group II	**18 349 500**	**5 725 987**	**12 623 513**	**12 623 513**	**18 349 500**	**—**
III. Operational costs						
225 Government-provided personnel	—	—	—	—	—	—
226 Civilian electoral observers	—	—	—	—	—	—
227 Consultants	532 700	112 722	419 978	373 343	486 065	46 635
228 Official travel	628 000	84 793	543 207	511 807	596 600	31 400
230 Facilities and infrastructure	5 682 400	2 046 776	3 635 624	3 351 504	5 398 280	284 120
231 Ground transportation	961 600	438 006	523 594	503 594	941 600	20 000
232 Air transportation	—	—	—	—	—	—
233 Naval transportation	—	—	—	—	—	—

Class description	Expenditure as of 31 October 2007			Projected		
	Apportionment (A)	Total expenditure (B)	Unencumbered balance (C) = (A-B)	Projections 01/11/07-30/06/08 (D)	Total expenditure including projected (E) = (B+D)	Estimated unencumbered balance as at 30 June 2008 (F) = (A-E)
234 Communications	4 882 000	2 099 909	2 782 091	2 782 091	4 882 000	—
235 Information technology	5 269 000	2 249 808	3 019 192	3 019 192	5 269 000	—
236 Medical	377 000	144 630	232 370	213 520	358 150	18 850
237 Special equipment	—	—	—	—	—	—
238 Miscellaneous supplies, services and equipment	3 635 400	2 850 431	784 969	784 969	3 635 400	—
239 Quick-impact projects	—	—	—	—	—	—
Total Group III	**21 968 100**	**10 027 075**	**11 941 025**	**11 540 020**	**21 567 095**	**401 005**
Gross	**40 317 600**	**15 753 062**	**24 564 538**	**24 163 533**	**39 916 595**	**401 005**
Total	**40 317 600**	**15 753 062**	**24 564 538**	**24 163 533**	**39 916 595**	**401 005**

[a] Pre-encumbrance not included in total expenditures.